

Message Text

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13

ACTION ARA-20

INFO OCT-01 EUR-25 EB-11 ISO-00 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

FRB-02 XMB-07 COME-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 USIA-15 PRS-01 DRC-01 /164 W

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R 020921Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6725

AMEMBASSY MEXICO

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY PARIS

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DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: EFIN, MX

SUBJECT: BANKING GROUP TO LEND MEXICO \$500 MILLION

REF: STATE 250121

1. SOURCE AT KUHN, LOEB AND CO. LONDON OFFICE CONFIRMED
STAND-BY CREDIT OPERATION. BORROWER IS THE UNITED
MEXICAN STATES; AMOUNT IS \$500 MILLION; FINAL MATURITY IS
SEVEN YEARS.

2. DURING FIRST 4 YEARS LOAN IS, IN EFFECT, A REVOLVING
CREDIT, WITH ABILITY TO DRAW DOWN AND REPAY AS NECESSARY.
DURING FIFTH, SIXTH AND SEVENTH YEARS, THERE IS TO BE
EQUAL ANNUAL REPAYMENT OF ANY AMOUNTS OUTSTANDING AT THE
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END OF THE FOURTH YEAR (FOR EXAMPLE, IF \$300 MILLION IS

OUTSTANDING AT THE END OF THE FOURTH YEAR, THERE WILL BE EQUAL REPAYMENTS OF \$100 MILLION EACH DURING THE REMAINING THREE YEARS).

3. INTEREST RATE DURING FIRST 4 YEARS IS 1/2 PERCENT OVER LONDON INTER-BANK OFFER (LIBO); YEARS IS 5/8 PERCENT OVER LIBO. THERE IS A COMMITMENT FEE OF 3/8 PERCENT ON ANY UNDRAWN PORTION DURING THE FIRST 4 YEARS.

4. PURPOSE OF LOAN IS "SLIGHTLY SHROUDED IN MYSTERY." ACCORDING TO SOURCE, REAL INTENTION IS TO PERMIT MEXICO TO HAVE SUFFICIENT FUNDS TO SUPPORT A RUN ON THE PESO, SHOULD ONE DEVELOP. PUBLIC STATEMENTS, HOWEVER, FOLLOW THE MORE ACCEPTABLE LINE AND SPEAK OF EXPANDING CAPACITY OF MEXICO'S BASIC INDUSTRIES. SOURCE SAID AS YET THERE HAS BEEN NO DRAW DOWN UNDER THE AGREEMENT. HE BELIEVES THAT BOTH MEXICAN GOVERNMENT AND THE BANKS HOPE THAT THERE WILL BE NO NEED TO UTILIZE THE FUNDS COMMITTED.

SOHM

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Message Attributes

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Draft Date: 02 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON00001
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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30 JUN 2005

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TAGS: EFIN, MX, UK
To: STATE MEXICO
Type: TE
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